

U.S. Government Negotiating Direct Arms Sale to China

By David B. Ottaway
Washington Post Service

WASHINGTON — The Reagan administration is on the verge of the first government-to-government arms sale to China, a \$6-million package of explosives that it hopes could lead to the sale of a \$98-million artillery munitions factory, according to congressional and State Department sources.

Congressional sources described the sale — timers, fuses and detonators — as a landmark in what has been a slowly developing military relationship between the United States and China. They predicted that it would facilitate other, far more important, military sales to begin long under discussion.

"This is the icebreaker," a source said.

A State Department official called it "a very prudent move" by the administration, aimed at work-

ing out an agreement in a "compatible" military area.

"This is something modest, conventional and nonthreatening in the field of military cooperation."

Representative Stephen J. Solarz, Democrat of New York, chairman of the House subcommittee on Asian and Pacific affairs, predicted Wednesday that congressional reaction to the sale would depend on the ordinance involved and whether it was seen as posing a threat to Taiwan. China considers Taiwan a province that should be under its control.

Mr. Solarz said he planned to hold hearings "to satisfy ourselves regarding the purpose and extent to which the sale poses an unwarranted security threat to Taiwan." If it does not and is "anti-Soviet-oriented," Mr. Solarz said he does not expect much opposition to the sale.

For the time, administration officials have been discussing possible sales of military technology to China, including anti-tank missiles, naval sonar, ship defense systems, air defense missiles and avionics to modernize Chinese planes.

Because of the sensitivity surrounding Chinese purchases of U.S. arms, both in China and in the United States, where conservative support for Taiwan remains strong, it has taken a long time for both sides to reach agreement.

Last year Beijing purchased commercially 34 high-altitude S-70C Sikorsky helicopters, the civilian version of the Black Hawk military helicopter, in a transaction worth an estimated \$150 million. In August, General Electric signed a contract to sell China five gas turbine engines as part of its naval modernization program.

Although the helicopter sale required State Department approval and formal congressional notification, that and the turbines sales were company-to-government commercial deals and did not involve military items listed under the U.S. foreign military sales program that involves special licensing.

The present transaction is directly between the U.S. and Chinese governments. It involves foreign military sales items that require a 20-day period of informal notification to Congress, followed by a 30-day formal notification of any "major defense equipment" worth \$14 million or more or any "defense articles or services" worth \$50 million or more.



MARCHERS TURNED BACK — South African police and troops stopped about 3,000 students and teachers from marching to a police station Thursday in Cape Town to demand the release of students detained in earlier protests.

The demonstrators were led by Richard van der Ross, third from left in front row, rector of the University of the Western Cape. The marchers were blocked at the university gates and ordered by police to "walk no further."

Pretoria Business Leader Backs Black Vote

By Michael J. Berlin
Washington Post Service

UNITED NATIONS, New York — A spokesman for the white South African business community told a United Nations panel on Wednesday that the corporate establishment in his country would favor a one-man, one-vote federal government.

The statement by Johan C. van Zyl, chief executive of the South African Federated Chambers of Industry, was made to an 11-member panel headed by the former Australian prime minister, Malcolm Fraser. Diplomats familiar with South Africa suggested that it was the first time corporate interests had endorsed a one-man, one-vote system, although they had spoken of universal representation.

The panel is holding the first UN hearings on the role of multinational corporations in South Africa and is to recommend whether withdrawal of outside investment, other forms of sanctions, or continued corporate involvement in South Africa would most effectively end the apartheid system.

Most of the witnesses in the hearings, which end Friday, have

endorsed divestment and sanctions, but Mr. van Zyl and Raymond Parsons, chief executive of the South African Association of Chambers of Commerce, argued the case for "conditional" outside

support for the economy as long as reform continued.

They both endorsed the need for talks between the white minority government and black leaders.

Mr. Fraser asked Mr. van Zyl if the business community agreed that the black majority should be "fully franchised."

"Certainly," he replied. "The expression of one-man, one-vote is certainly what business all supports."

The South African government should "address the problems of apartheid with the compelling and

urgent attention they deserve." International Business Machines Corp. said Thursday in a statement reported by Agence France-Presse.

[But the company, which employs about 2,000 people in South Africa, also said it intended to remain in the country "as long as there is a chance that we, together with others, can contribute to peaceful change."]

[The statement, released at IBM's headquarters in Armonk, New York, said the "rapidly deteriorating situation is having a significant impact on IBM's South African business as well as on business in general in South Africa." An IBM spokesman said that about 15 percent of the company's staff in South Africa was black.]

In other developments:

• South Africa's state radio said Thursday that the old apartheid blueprint had proved unworkable.

The radio, which reflects government thinking, said: "There was a time when the government drafted blueprints and then went ahead and imposed them on the people, whether they liked it or not. That approach was wrong and ultimately proved unworkable."

It added, "Those still accustomed to the old approach and demanding the specific details it provided, in theory if not in fact, will inevitably be disappointed." (Reuters)

• Two white men received the death sentence Thursday for killing a black woman after raping her, locking her in the trunk of a car and setting the car on fire.

The sentence, handed down in a court in Klerksdorp, 100 miles (160 kilometers) west of Johannesburg, marked one of the rare instances when a white has been sentenced to hang for killing a black. (AP)

• The British government has launched a confidential inquiry to establish whether the export to South Africa of a sophisticated radar system breached an international arms embargo, government sources in London said Thursday.

• All telephone and telefax lines went down, cutting the capital from the outside world. Subway and bus lines ceased operating.

Electricity went out in large sections of the city, knocking out traffic lights and leaving the streets of the capital in chaos as thousands milled about in shock. Ambulances and fire crews fought their way

through panicked traffic to get the injured to hospitals.

Channel 13, the only Mexico City station able to stay on the air, said there were 250 confirmed deaths but the toll was expected to go much higher as rescuers scrambled to free thousands buried in the rubble.

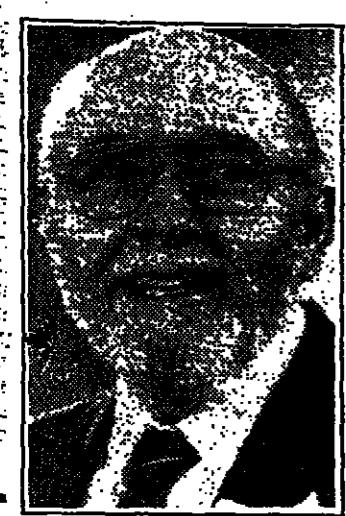
The station's broadcasts showed people hanging onto each other crying in the streets against a backdrop of skyscrapers broken into smoking junk steel and concrete.

Hundreds of buildings were damaged in Mexico City, a city of 18 million people and the most populous urban area in the world.

Some streets were ablaze with natural gas from broken gas pipelines. Hospitals were packed with injured.

Twenty-five persons were killed

(Continued on Page 2, Col. 2)



Benjamin M. Weir after his return to the United States.

Weir Warns About Safety Of Hostages

The Associated Press

WASHINGTON — The Reverend Benjamin M. Weir said Thursday that the extremists who held him captive 16 months were ready to kidnap other Americans and to execute their remaining six American hostages unless Kuwait frees 17 prisoners.

"They have released me as a sign of their good intentions," Mr. Weir said at a news conference. "However, they are not willing to wait much longer."

Mr. Weir, a Presbyterian missionary, said his captors were prepared to release the other Americans if their demand was met for freedom for 17 men accused of bombing attacks against the U.S. Embassy and other facilities in Kuwait.

In Washington, the Reagan administration ruled out pressuring Kuwait to release the extremists.

Mr. Weir described his release late Saturday:

"I was suddenly released by my captors. I made contact with the American Embassy, whose ambassador and officials promptly and efficiently arranged for me to be transported to the USA. Late Monday evening, I arrived by U.S. government flight.

(Continued on Page 2, Col. 6)

France Orders Changes In Espionage Personnel

Compiled by Our Staff From Dispatches

PARIS — President François Mitterrand, facing a growing scandal over the sinking of an anti-nuclear protest ship in New Zealand, ordered Prime Minister Laurent Fabius on Thursday to carry out a personnel shake-up in France's espionage agency.

In a letter to Mr. Fabius, made public by the presidential palace, Mr. Mitterrand referred to a series of recent press stories tying the secret service and government officials to the July 10 attack, and he criticized government services for not providing adequate information on the matter.

"This situation cannot continue," the president said in the letter. "The time has come to proceed without delay with personnel

changes and, if necessary [to change] the structures leading to this deficiency."

France has admitted that members of its General Directorate for External Security, or DGSE, were in Auckland, New Zealand, when the Greenpeace ship Rainbow Warrior was sunk by two mines attached to its hull on July 10. The ship was preparing to leave on a protest mission to the French nuclear testing site at Mururoa atoll.

Defense Minister Charles Hernu has acknowledged giving the order for five French spies to conduct surveillance of Greenpeace members and the Rainbow Warrior, but denied the agents were involved in the actual sinking.

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(Continued on Page 2, Col. 6)

Surprise of the Spy Defection: Moscow's Tough Line Envoy Say Gorbachev Felt Need to Show 'Steel Teeth' at Home and Abroad

By Serge Schmemann
New York Times Service

MOSCOW — As the dust settled on the six-day diplomatic shoot-out between Britain and the Soviet Union over charges of espionage, the most striking aspect was Moscow's resolute and unexpected sharp reaction.

The initial appraisal among Western diplomats was that Mikhail S. Gorbachev had no choice but to respond with toughness, both for substantive agreements, while assailing the United States for insisting on developing a space-based missile defense.

In the past, when Soviet agents abroad were exposed and sent home, the Soviet Union reacted quickly, finding it more expedient to avoid a crisis and to return swiftly to business-as-usual.

When Britain expelled 103 Russians in 1971, Moscow sent out only 18 Britons, and when President François Mitterrand expelled 47 Soviet officials from France in 1983, Moscow did nothing at all.

But when Prime Minister Margaret Thatcher ordered 25 Soviet officials out last Thursday, the Soviet Union waited only two days to ask 25 Britons to leave. And when Mrs. Thatcher ex-

plled six more, the Kremlin promptly did likewise.

Western diplomats believe that Mr. Gorbachev realized he had to act tough, both for foreign policy and for domestic reasons.

On the international front, he has begun complex maneuvering involving the United Nations General Assembly, the arms talks with the United States in Geneva, his own trip to France early

in October and his meeting with President Ronald Reagan in Geneva on Nov. 19 and 20.

Mr. Gorbachev's first six months in power have been devoted largely to consolidating his personal control and preparing for a large-scale rejuvenation of the economy and of the ranks of the party and economic management.

The critical deadline of the campaign is the 27th congress of the Communist Party next February, when Mr. Gorbachev is expected to produce an economic blueprint for the next five-year plan, 1986-90. By that time he is also expected to shape a loyal party elite.

With the preparations under way, diplomats thought that Mr. Gorbachev probably recognized that the best way to attract followers, particularly in the state security apparatus and in the military, and to deny his opponents a weapon to use against him, was to show toughness in international affairs.

In this context, Western diplomats believe that he could not allow himself to be put on the defensive by the British expulsions. He had to show that behind his amiable smile there were steel teeth.

The British actions, moreover, were preceded by U.S. allegations that the Soviet security police was using a potentially hazardous chemical dust to monitor the movements of Americans in Moscow. That accusation may have stiffened the Soviet resolve to react sternly to Britain.

Western diplomats believe that the Soviet move intended to weaken Mr. Gorbachev at a

critical point in East-West relations, and the Russians reacted accordingly.

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■ Congressional leaders do not expect a tax reform package until next year. Page 3.

■ Soviet cosmonauts prepared to switch crews aboard a space station for the first time midway into a mission. Page 5.

BUSINESS/FINANCE

■ U.S. consumer spending surged 1.2 percent in August, but income rose only 0.2 percent. Page 11.

■ The EC raised subsidies for wheat exports, retaliating for a similar U.S. program. Page 11.

WEEKEND

■ James Michener's "Texas" is the latest and longest installment in his epic career. Page 7.

TOMORROW

A tongue-in-cheek exhibit at Sotheby's provides a look at that peculiar species, collectors. Souren Melikian reports.

Italo Calvino, 61, Italian Novelist, Modern Fabulist, Dies After Stroke

By Herbert Mitgang
New York Times Service

NEW YORK — Italo Calvino, 61, the master of allegorical fictions, who became Italy's leading contemporary novelist, died Thursday in Siena from the effects of a stroke he suffered earlier this month.

Mr. Calvino was among the handful of major novelists of international standing.

The author and critic John Updike, reviewing Mr. Calvino's "Castle of Crossed Destinies," said that "no living author is more important." John O'Connor called Mr. Calvino "possibly Italy's most brilliant living writer" and classed him with Kobo Abe, Jorge Luis Borges and Gabriel García Márquez.

Other critics placed him in the intellectual school of writers that includes Kafka, Pirandello, Nabokov, Alain Robbe-Grillet and John Barth.

Mr. Calvino was attracted to folktales, knights and chivalry

Acquittals Are Expected in Aquino Case

By Seth Mydans
New York Times Service

MANILA — Two years after the assassination of the opposition leader, Benigno S. Aquino Jr., the truth remains elusive, and the way seems clear for the acquittal of some or all of the 26 men charged with involvement in the killing.

The defense announced Wednesday that it would bring no trial witnesses in the seven-month trial, and it is expected to present a closing statement next week. The prosecution is scheduled to follow with any rebuttal witnesses, and a verdict could come next month.

In a courtroom that has fallen nearly empty, a series of quiet-spoken, neatly groomed soldiers took the stand this week — the escort party that, gripping Mr. Aquino by the arms, hustled him off a China

Airlines jetliner and down a narrow boarding ramp to his death.

The soldiers have held in a military camp since the start of the trial and their testimony, given in terse, respectful monotones, was remarkably uniform.

Given the high stakes of the case, in which General Fabian C. Ver, the chief of staff of the armed forces and a close associate of President Ferdinand E. Marcos, is a defendant, a common perception has grown that the trial faces difficult odds in producing a verdict that will be seen to be just.

Indeed, General Ver's lawyer, Antonio Coronel, said this week that the trial "is not a forum for the search for historical truth."

"What is just is not necessarily legal and what is legal is not necessarily just," he said.

The case is being tried by a panel

of three judges appointed by Mr. Marcos according to complicated and sometimes ambiguous guidelines drawn up by his office.

The president set the tone for the proceedings by announcing that General Ver will be reinstated as head of the armed forces and intelligence services if he is acquitted, and by labeling prosecution witnesses as perjurers.

A number of witnesses have disappeared before or after testifying.

On the witness stand this week Constable Rogelio Moreno of the Philippines constabulary, an escort who followed Mr. Aquino down the steps from the airliner, sat still and almost motionless as he gave his testimony.

In the last days of the trial, the chief of the prosecution team, Manuel C. Herrera, has removed himself from the case after telling a reporter that he had received warnings from above not to pursue it too vigorously. He spoke of a scenario in which the outcome was already known to those in charge.

Another lawyer, Lupino Lazaro, represents the family of Rolando Galman, who was shot to death on the tarmac beside Mr. Aquino and who, according to the military version of the murder, was the assassin of the former senator.

This week, Mr. Lazaro also talked of an "unseen hand" guiding the course of the trial and said, "There was a conspiracy to murder, a conspiracy to cover up, and now you are seeing a conspiracy to exonerate."

Bienvenido A. Tan Jr., a lawyer on the 11-month fact-finding commission that preceded the criminal trial, joined the growing number of critics of the current proceedings in an interview Wednesday. "The overall scenario is to achieve acquittal of all the accused with as much semblance of legality as possible," he said.

Two controversial recent legal moves have cleared the way for a possible acquittal. In the first, the Supreme Court upheld the court's decision not to allow use by the prosecution of testimony by eight of the defendants before the fact-finding commission of which Mr. Tan was a member.

That commission, led by former Appellate Justice Corazon Agravia, heard evidence that appeared to refute the theory that Mr. Galman was the killer of Mr. Aquino, and its findings led to the indictment of General Ver and the other defendants. General Ver and seven other military men are charged not with involvement in the murder itself, but with covering it up.

General Ver's testimony before the Agravia board is the primary evidence against him on this charge, and its exclusion by the Supreme Court is acknowledged by



General Fabian C. Ver, the Philippine chief of staff, above left, is one of 26 defendants in the Aquino trial. Corazon Agravia, above right, headed the commission whose findings led to indictments. Below, two soldiers who escorted Aquino from his airliner, Mario Lasaga, left, and Rogelio Moreno.

both prosecution and defense lawyers to have virtually assured his acquittal.

The grounds for the ruling, though — that the defendants were not warned by the Agravia board of their right to remain silent — were described privately by one of the lawyers as an example of Mr. Coronel's assertion that "what is legal is not always just."

Mr. Tan cited the prosecution's failure to appeal the Supreme Court ruling as one indication that the prosecuting team was pulling its punches. He said another indi-

cation was the rejection by the prosecution last Friday of evidence supplied by the United States that two Philippine Air Force jets were scrambled on the day of the murder in what may have been an effort to divert Mr. Aquino's aircraft.

Though it is not clear how such activity might have been related to the murder of Mr. Aquino, it could be shown to demonstrate that the military knew Mr. Aquino's flight plans, contrary to General Ver's assertion, and could point to a military conspiracy.

Those who defend the judicial

proceedings point out that the court has a more difficult task than did the fact-finding commission. Whereas the commission needed only to cast doubt on the military version of events, the court must now prove that someone other than Mr. Galman killed Mr. Aquino, and the evidence is elusive.

The nearly empty courtroom, in dramatic contrast to the overflow crowds during the earlier hearings, attests to a general sense that this court, as Mr. Coronel asserted, is not the forum where historical truth will be revealed.

Shouting "Down with Japanese militarism" and "Down with Nakasone," approximately 1,000 students from Beijing University and Qinghua University staged rare protest rally in Tiananmen Square in central Beijing.

In addition, an estimated 5,000 students demonstrated on the Beijing University campus. Other students at Qinghua University reportedly tried to hold a rally but were prevented from doing so by police.

Some of the protesters also reportedly said that China should never again be exploited by British, American or German financial interests.

One middle-level Chinese official said Thursday that the general feeling in the country was that the students had engaged in "an act of patriotism."

He said, "the mistrust contrasts sharply with the official relations between Beijing and Tokyo, which are very good."

U.S. Official Warns House Committee Against Rejecting Arms Sale to Jordan

By Norman Kempster
Los Angeles Times Service

WASHINGTON — A top State Department official has rebuffed congressional suggestions that the Reagan administration reduce its plans to sell advanced weapons to Jordan, saying a legislative fight over the arms could again strain U.S. relations with Amman and the rest of the Arab world.

Although President Ronald Reagan had not made a final decision on the sale, Richard W. Murphy, the assistant secretary of state for Near Eastern and South Asian affairs, told a House subcommittee Wednesday that he expected an early notice to Congress of the administration's intent to supply Jordan with the weapons.

King Hussein's government ordered the fighter jets and anti-aircraft missiles four years ago.

Representative Lee H. Hamilton, the Indiana Democrat who is chairman of the House Foreign Affairs subcommittee on Europe and the Middle East, told Mr. Murphy, "You have a problem in the Congress." He suggested that the administration drop its request.

The sale is strongly opposed by Israel and its supporters on Capitol Hill.

But Mr. Murphy responded that Jordan had "a genuine need for advanced aircraft and anti-aircraft defenses."

The Saudi government is no longer interested in buying major new U.S. weapons in view of its decision last weekend to buy British-made Tornado fighter-bombers instead of U.S.-manufactured F-15 fighters, Mr. Murphy said.

But the administration still hopes to sell spare parts to Riyadh, as well as other support systems for U.S. arms that the Saudis purchased previously.

Mr. Murphy said that King Fahd turned to the British plane to avoid a bruising congressional battle.

King Hussein is expected to discuss the arms sale with Mr. Reagan on Sept. 30 at the White House.

■ Thatcher Visits Jordan

Prime Minister Margaret Thatcher of Britain, in Amman for the signing of a £270-million (\$360.6-million) agreement to sell arms to Jordan, said that any regional peace settlement should provide for the creation of a Palestinian homeland, Reuters reported from Amman.

She said Wednesday that such a settlement should guarantee the "legitimate rights of all the peoples and states in the area, including of course, the Palestinian people."

The contract includes military vehicles and engineering equipment, radio communications, patrol craft, ground and airborne

warfare equipment and training simulators.

Financing of the deal, which took a year to negotiate, was being arranged by the London merchant bank Morgan Grenfell & Co., officials said. They said it would provide work for about 70 British companies.

The chilling fact, "Mr. Murphy told the panel, "is that King Hussein's courageous move toward Israel has provoked overt threats against his regime and associates. The United States must be prepared to support those who are willing to take risks for peace."

Hussein is expected to discuss the arms sale with Mr. Reagan on Sept. 30 at the White House.

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Samuel Abt

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Soviet cosmonauts after the successful linkup with space station.

Cosmonauts Preparing First Switch Of Space Station Crew in Mid-Mission

United Press International

MOSCOW — Five Soviet cosmonauts prepared Thursday for the transfer of cosmonauts in a new process that will allow the permanent manning of the orbiting Salyut-7 space station, Tass said.

Lieutenant Colonel Vladimir Vasutin, commanding the Soyuz T-14 transport ship and the cosmonauts, Georgi Grechko and Alexander Volkov, docked with Salyut-7 on Wednesday. They joined Vladimir Dzhanibekov and Viktor Savinykh, who have been in space for 102 days.

For the first time, a crew switch will take place in the middle of a mission, with Mr. Dzhanibekov returning to Earth with Mr. Grechko at the end of the current eight-day mission.

"Previously, the cosmonauts returning to Earth mothballed the

station's systems and all scientific equipment before leaving the space station," a space center spokesman told Tass.

"New arrivals, during the first days of their stay on board the station, engaged in the reactivation of the entire onboard equipment in the conditions of adaptation to space factors," he said. "This took much time."

The cosmonauts spent part of Thursday preparing the Soyuz T-13, which brought Mr. Dzhanibekov and Mr. Savinykh to Salyut-7, for the return journey to Earth.

"For that purpose, the cosmonauts dismantled the individual cradle of Savinykh's seat in the spacecraft and replaced it with Grechko's seat," Tass said.

"To prepare for descent, Dzhanibekov is training with the use of the

Chibis pressure suit which makes it possible to simulate terrestrial gravity due to a differential in the atmospheric pressure," the agency said.

Mr. Leonov described as promising, "the testing of a method for one crew to hand over the orbital station to another crew in the very process of flight."

Salyut-7 was launched in April 1982 and has been the home for four major expeditions and numerous temporary visitors.

It was mothballed in October and subsequently developed serious problems in the power supply, leaving the instruments frozen and the interior heatless with no water.

Repairs, carried out by Mr. Dzhanibekov and Mr. Savinykh, took almost two months. A permanent manned station, with rotating crews would avoid a similar crisis.

Agca Friend Testifies Bulgaria Knew of Papal Plot

By Michael Dobbs

Washington Post Service

ROME — The trial of eight men accused of conspiring to kill Pope John Paul II has resumed after a summer recess, with a Turkish witness claiming that the Bulgarian secret services had prior knowledge of the plot.

The new allegations of a Bulgarian connection to the attempt to kill the pope were made Wednesday by Yalcin Ozbel, a long-time friend of Mehmet Ali Agca. Mr. Agca has been convicted of trying to kill the pope in May 1981 and is also a defendant in the new trial.

Wednesday marked the first time that the court had heard testimony on Bulgarian involvement in the conspiracy from any witness other than Mr. Agca.

Although Mr. Ozbel has supported some of Mr. Agca's general accusations against the Bulgarian secret services, his account differed from that provided by Mr. Agca on several key points.

Mr. Ozbel's credibility as a witness has been challenged by the defense because of repeated contradictions, errors and retractions in his testimony.

[Mr. Ozbel testified Thursday that he doubted the Turks allegedly involved in the plot had received the 3 million Deutsche marks (\$1.03 million) that Mr. Agca has

said they were promised, United Press International reported from Rome.

[Pressed by Antonio Marini, the prosecutor in the trial, to say what happened to the money the plotters allegedly were promised, Mr. Ozbel said, "I don't believe they ever received that money."]

The resumption of the trial after a seven-week summer break was marked by a new outburst from Mr. Agca. He accused both the White House and the Vatican of

plotting together to exploit his allegations of Bulgarian involvement to launch a propaganda campaign against the Soviet bloc.

It was largely on the basis of Mr. Agca's testimony during a three-year investigation into the papal assassination attempt that three Bulgarians and four Turks are now on trial with him in Rome.

The Vatican and the White House, together with their accomplices in the Western secret services, want to dominate the world

with lies and calumny. All will fail miserably because the truth is invincible," Mr. Agca said.

Mr. Agca and Mr. Ozbel were members of the same rightist Turkish terrorist group. Both have made sweeping accusations while providing little evidence that can be independently corroborated.

In his testimony, Mr. Ozbel said that Mr. Agca and two other Turks had outlined their plans to murder the pope to the Bulgarian authorities. He said that the Bulgarians showed initial interest in the project but did not play any direct role because they mistrusted Mr. Agca.

According to Mr. Agca's account, the assassination attempt was directly supervised by three former Bulgarian officials in Rome.

Under cross-examination, Mr. Ozbel said that he had no direct knowledge of the papal assassination attempt. He said that he had learned details about the plot from Mr. Agca and two Turks named by Mr. Agca as his fellow conspirators: Oral Celik and Sedat Sirri Kadem.

Mr. Ozbel, who faces charges in West Germany for offenses including fraud and drug smuggling, repeatedly tried to extract from the court guarantees of immunity from prosecution. His pleas were brushed aside by the presiding judge, Severino Santiapich.

Defector Linked to Russians

The Associated Press

BONN — The husband of a secretary in Chancellor Helmut Kohl's office maintained contacts with Soviet diplomats long before the couple defected to East Germany, the daily *Die Welt* reported Thursday.

The secretary's husband, Herbert Adolf Willner, 59, reported the Soviet contacts to his superiors and thus escaped suspicion, *Die Welt* said. He had been a senior foreign policy expert in the Free Democratic Party, part of the Bonn coalition government.

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The defection of Mr. Willner and his wife, Herta-Astrid, 45, a secre-

tary in the domestic affairs department of the chancellor's office, was disclosed Tuesday.

Die Welt said the Free Democrats and the foundation did not suspect Mr. Willner even when he "vehemently opposed" the stationing of U.S. nuclear missiles in West Germany.

On Wednesday, Interior Ministry officials said the country's counterespionage agency had long suspected Mr. Willner of being an East German spy, but that Mr. Kohl and the Interior Ministry decided last month there was not enough evidence to order heightened surveillance.

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WHEREAS words of praise and positive thoughts generate dynamic harmony; and
WHEREAS decisions made from a grateful heart are endowed with intrinsic wisdom and engender prosperity;

WHEREAS gratitude, the opposite of "rancor" which creates good will, is a basic emotion which is indigenous to all people, is a natural expression of the human heart; and
AND WHEREAS September 21st is a special day when the sun reaches its maximum altitude in the Northern Hemisphere, and the day and night are of equal length and everyone is equal under the sun;

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The World Gratitude Day Foundation, Suite 7A, 777 United Nations Plaza, NYC 10017

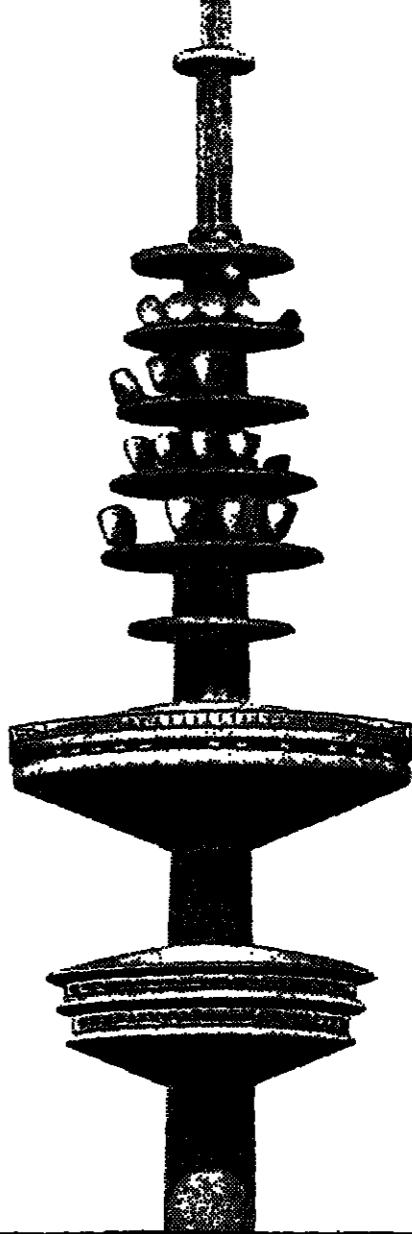
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'Room for Negotiation'

You can hear two voices whenever Ronald Reagan talks about "star wars," as he did again Tuesday evening. One speaks for presidential vanity, insisting that he has pointed the way to a perfect defense that will one day make nuclear weapons obsolete. The other speaks for presidential reality, longing in the three short years that remain to develop a saner relationship with the Soviet Union.

Headless pursuit of the vanity could soon exacerbate the arms race and make the world more dangerous. But scattered among the president's words are hints that, as he approaches his meeting with Mikhail Gorbachev, he prefers to dwell on reality.

The vain voice cannot resist representing "star wars" as a wondrous way out of the world's vulnerability to nuclear war. "I think of this weapon as kind of a gas mask," Mr. Reagan says, as if it were proven that masks rather than poison gas itself deserved the use of gas in World War II. No expert can detect in the contemplated "star wars" research any effective way to shield a modern society against nuclear ruin in the foreseeable future.

Perhaps a way to attain that defense is conceivable in, say, half a century. But even then it probably could be defeated by predictable, cheaper countermeasures. What should be obvious is that between now and then the mere possibility of a defense that disarms either superpower would provoke deployment of even more overwhelming offensive arms.

That Mr. Reagan now understands this risk was also evident on Tuesday. He went to some lengths to try to snuff the "star wars" gene back into the research laboratory. Research is permitted by the treaty forbidding anti-missile

defenses, he observed, implying that he wants to shore up that treaty against sudden renunciation by either side. He insisted repeatedly that he would never deploy a defense until he had negotiated, indeed coordinated the effort with the Russians and the Western allies.

"There's a great deal of room for negotiation" here and now, Mr. Reagan emphasized, as if to ask, Why all the fuss about "star wars"? One reason, of course, is the sudden, uncoordinated way in which he uncorked the project 30 months ago. Another is the glee with which administration officials greeted Moscow's anxiety and the intensity with which they demand universal support for "star wars."

The most serious reason for a fuss is that opponents of any negotiated restraints on the arms race have exploited Mr. Reagan's dream to push for a shorter-range, highly provocative program. Under the banner of "star wars" they would erect a defense not of America's cities but only of its land missiles — in ways that are bound to trigger a destabilizing new buildup of Soviet offensive weapons.

The way to defuse that risk at the meeting with Mr. Gorbachev is to propose negotiations that will tighten rather than loosen treaty restraints on missile defenses and avoid further treaty violations, by both sides. That need not conflict with Mr. Reagan's intention to discuss a future "mix" of defensive and offensive weapons. But it argues for ending the preoccupation with defense in the next century and confronting the present mistrust and instability. As Mr. Reagan put it, the task is to engage Mr. Gorbachev in "real discussions" that "could lead to a change in the relationship."

— THE NEW YORK TIMES.

Mikhail Gorbachev threw Ronald Reagan a bold challenge in his *Time* interview. He offered to make deep cuts in existing offensive weapons if America would limit to research its work on the prospective Strategic Defense Initiative, the apple of Mr. Reagan's eye and the ace — in his bargaining hands. Mr. Reagan fired back at his news conference on Tuesday, in effect daring Mr. Gorbachev to engage him on the terrain of American public opinion and declaring that he would carry his no-compromise position on the SDI right up to the summit in November. And then? Any attempt to guess what will happen in Geneva comes down to expressing not much more than the degree of confidence one has in Mr. Reagan.

What has happened this week, however, is quite clear. Mr. Gorbachev made the familiar initiative available to a totalitarian leader negotiating with a democratic adversary. Secure in the knowledge that there is no Soviet opinion that an American president can turn against him, he attempted to enlist a part of American opinion against the American president before meeting him in Geneva.

And he did it well. To an audience considerable parts of which were bound to be sympathetic, Mr. Gorbachev said that he sees the SDI not in the Reagan image of an ultimate shield protecting everyone equally and allowing nuclear disarmament, but as a weapon enabling and encouraging the United States

— THE WASHINGTON POST.

And Now There Are Six

The release of the Reverend Benjamin Weir, one of the seven kidnapped Americans held hostage in Lebanon, is splendid news in itself and in what it suggests: that determined diplomacy can bring deliverance to the six others as well. Perhaps even in this labyrinth there are channels of contact with the kidnappers, who have so far been demanding what America cannot deliver: release of 17 of their comrades convicted of terrorist crimes in Kuwait.

Until the 61-year-old Presbyterian minister gives his own account, we can only guess at the motives for his release after 16 months. It may have been his health, or backstage pressure from the Syrians, who have insisted that they could do nothing until Israel released the last

— THE NEW YORK TIMES.

Other Opinion

Neither Wants to Be Inferior

The United States and the Soviet Union have recently been spending more and more on developing and deploying more accurate nuclear weapons designed for war-fighting. Given the superabundance of nuclear weapons and the overkill capacity in the hands of the United States and the Soviet Union, it does not make sense for either of them to further

increase stocks of weapons of mass destruction. Perhaps the supreme folly is in trying to forge a nuclear Excalibur or to seek a perfect defense system. Although military superiority is unattainable in today's world, military inferiority is unacceptable to either superpower. If there is a solution, it is not in accumulating more destructive power but in eliminating the weapons of nuclear Armageddon.

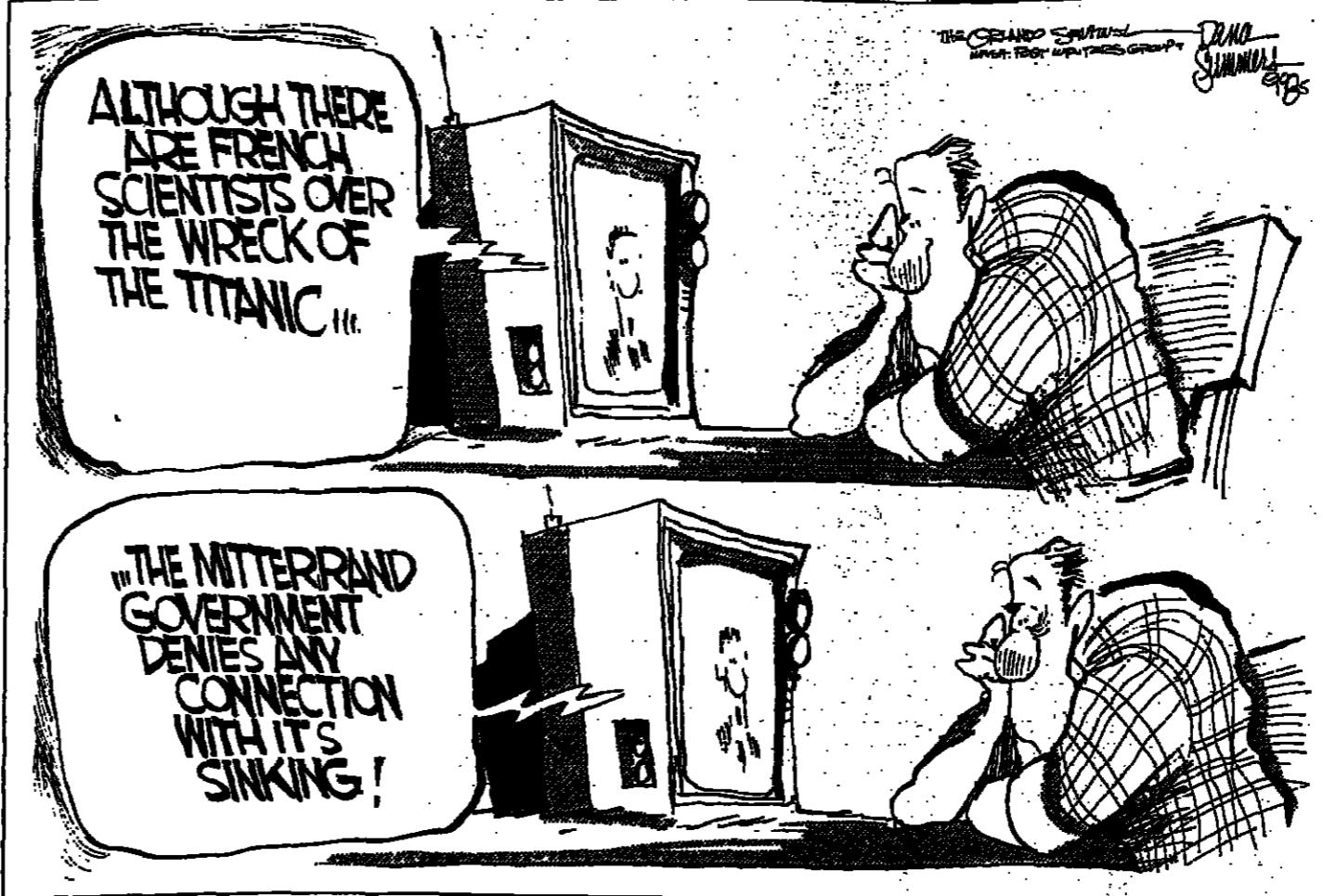
— The New Straits Times (Kuala Lumpur).

FROM OUR SEPT. 20 PAGES, 75 AND 50 YEARS AGO

1910: Two Children Saved From Sale

NEW YORK — Extraordinary scenes were enacted [on Sept. 18] at Circleville, Pennsylvania, as the result of an attempt of the Rev. Mr. Thomas Board, pastor of Wylie Avenue Church, Pittsburgh, to sell two of his children by public auction. After he had lured the streets with handbills announcing the weight, ages and characters of his little son and daughter, the clergyman appeared at a street corner where a thousand people had assembled and proclaimed that the sale was about to start. He informed the crowd that he was the father of five children whom he was unable to support. He had decided, therefore, to sell two of them in order to provide them with good homes and himself with enough money to support the other three. He was allowed to go no further, as the crowd threatened to lynch him.

1935: Doubts at Eugenics Congress
PARIS — The International Congress of Eugenics, held recently in Berlin, formulated a number of conclusions on which there was unanimity, but like its predecessor held in London and New York, it made a number of reservations about the applicability of measures on whose efficacy biological science cannot as yet pronounce with certainty. The congress was largely influenced by the German delegates, who made a plea for the universal adoption of the sterilization of the unfit. On this point unanimity was almost obtained. But this is as far as scientific care goes. It is not properly "eugenics," for this word was invented to describe the science that would tell with certainty how the human race could be improved. That such a science can be applied in the present state of knowledge is doubted.



Gorbachev: What Kind of Self-Confidence Is This?

By Anthony Lewis

BOSTON — In his first months as Soviet leader, Mikhail Gorbachev has come across as above all a self-confident man. That quality marked his recent *Time* magazine interview, with its brisk extemporaneous replies to hard questions and its knowing references to the West.

But the picture of self-confidence is difficult to square with a reality of current Soviet life: the intensified persecution of dissidents. The cruelty visited on those who raise even a small voice in dissent — the harsh, even mortal treatment — is at a pitch unequalled in years. All that speaks not of confidence but of paranoia.

One story is enough to make the point: enough, one would think, to melt a heart of stone. It is the story of Dr. Anatoli Koryagin, a Soviet psychiatrist who has just passed his 47th birthday in Chistopol Prison. Has that, is it, he is still alive?

Dr. Koryagin's crime was to believe in the Hippocratic Oath. As a psychiatrist, he saw patients in mental hospitals who showed signs of mental illness. They had been put into the hospitals, and there treated with disabling drugs, because they had questioned official truth.

In 1979 Dr. Koryagin became consultant to a private organization formed after the Helsinki accords to investigate the abuse of psychiatry in the Soviet Union. One of this small group's important documents was a meticulous professional report by Dr. Koryagin on his examination of many political patients, published in the British medical journal *The Lancet* in 1981. (The text, and a description of Dr. Koryagin, appear in an important new book, a collection published by W.H. Freeman, "The Breaking of Bodies and Minds.")

The world's psychiatrists reacted slowly but with increasing force. In February 1983, faced with condemnation, the Russians withdrew from the World Psychiatric Association. By then Dr. Koryagin was in prison.

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When he went on a hunger strike to protest against the cruelty, he was force-fed. His wife, also a doctor, saw him in September 1983. "He was like a medusa," she wrote afterward, "so bloated that his neck was wider than his face. It was covered with edemas caused by protein starvation."

That was two years ago. Since then no member of his family has seen him. A friend, in a letter written last

— THE NEW YORK TIMES.

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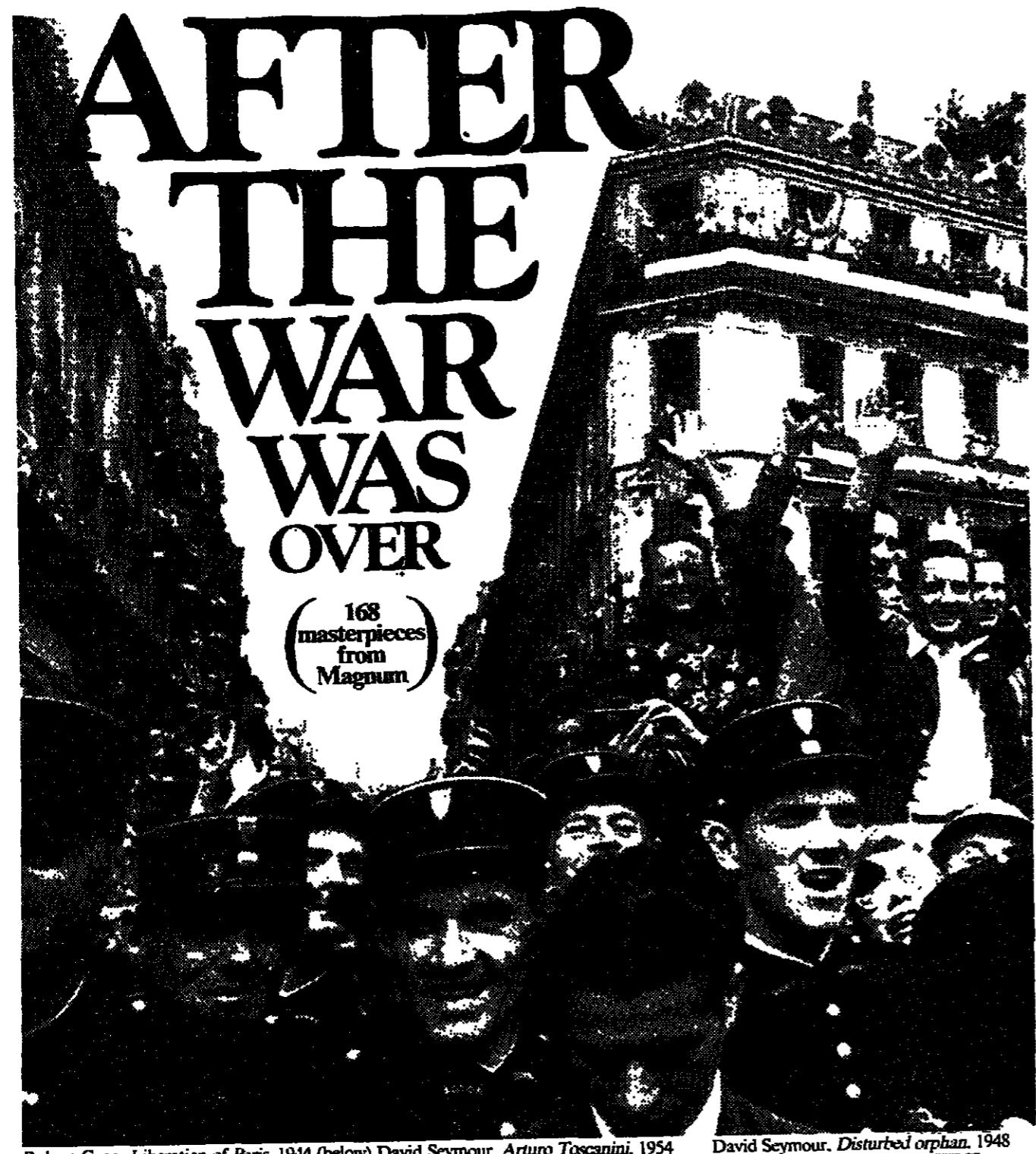
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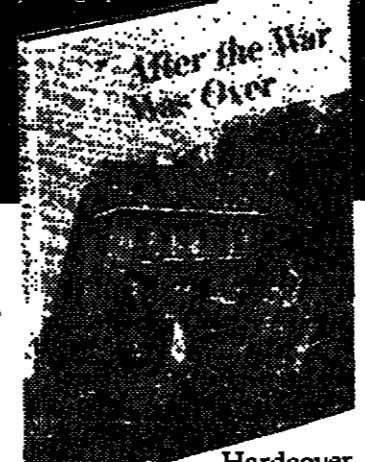
Erich Lessing, *Railroad workers*, 1956



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Class Div. Corp.</p

BUSINESS ROUNDUP

British Telecom Pretax Profit Climbed 39% in First QuarterBy Bob Hagerty
International Herald Tribune

LONDON — British Telecommunications PLC reported Thursday that pretax profit in the fiscal first quarter ended June 30 climbed 39 percent, to £443 million (\$594 million), from £319 million (\$394 million) a year earlier.

The results exceeded most forecasts and helped boost BT shares 9 pence to close at 210 pence on the London Stock Exchange.

Net profit rose 20 percent, to £4 million, or 4.1 pence a share, from £20.4 million, or 3.4 pence a share. Revenue grew 11 percent to £2.01 billion, from £1.81 billion.

BT claimed to benefit from the sharp reduction of debt achieved last year when the government sold off the telephone company's shares to the public. Stripping out the resulting drop in interest costs, it said, the company showed underlying growth of 27 percent in net profit and 17 percent net.

"The underlying trend is pretty healthy," commented Graham Meek, an analyst at the stock brokerage of Wood, Mackenzie & Co. For the full year, he forecast that BT would produce pretax profit of £1.84 billion, up 24 percent.

The improvement in results during the latest quarter was largely due to a higher volume of calls handled by fewer workers and to greater interest earnings on investments, BT said. International call volume grew 15 percent, and domestic growth was 8 percent.

Followers of BT are awaiting a decision from the Office of Telecommunications, a regulatory agency, on what kind of access Mercury Communications Ltd. will be given to BT's network.

Mr. Meek said the decision, likely to come early next week, will have a big influence on how successfully BT's small rival will be able to lure away lucrative business traffic. Mercury is a unit of Cable & Wireless PLC.

Olivetti Joins Thomson in ComputersBy Axel Krause
International Herald Tribune

PARIS — State-owned Thomson SA of France and Italy's Olivetti SpA said Thursday that they would cooperate in developing a new generation of microcomputers, primarily for the educational market in Western Europe.

Speaking to employees, Thomson's consumer electronics division, Olivetti and Acom Computer Group PLC of Britain, in which Olivetti has a 79.8-percent interest, will also work to develop integrated software and hardware.

Acom specializes in educational and home computers.

Many details remain to be negotiated among the three companies, including joint research financing, production and marketing arrangements, according to executives.

Jean Gerotbwohl, president of Thomson's consumer electronics division, would not specify spending plans, but said a microcomputer line could be in production as early as 1987.

He invited other West European electronics companies to join the new venture in an effort to meet competition from the United States, Japan and other European companies.

Thomson held talks with N.V. Philips of the Netherlands aimed at a common standard for microcomputers, but the Dutch electronics company last year adopted the Japanese MSX standard.

VW Adds Jobs, Plans Spending To Meet Demand

By United Press International

FRANKFURT — Volkswagen AG sales should continue at a high level into the first half of 1986, with demand currently outstripping supply, despite full use of capacity, according to Walter Hugel, VW's vice-chairman.

Speaking to employees, he said this was a time of "high economic development."

Guenther Hartwich, the management board member responsible for production, told the same meeting of employees that VW has added 5,000 new jobs this year. A further 2,000 should be created by the end of the year, 1,700 of those in the Wolfsburg, West Germany, headquarters.

VW has more than 121,000 workers employed in its six West German plants, the highest number since 1973, Mr. Hartwich said.

He added that 750 million Deutsche marks (\$258.6 million) will be invested annually over the next few years to modernize assembly lines in Wolfsburg.

Demand for VW's Golf and Jetta cars cannot be satisfied, he said, and in the Wolfsburg, Brunswick, Salzgitter and Kassel plants the limitations of the machinery have restricted output. VW will invest around 120 million DM to increase machine output and cut back overtime, he said.

Sales rose 12.6 percent, to 349 million yen, from 310 billion yen.

Officials attributed the profit decline to an unusual gain a year earlier of 1.8-billion yen in proceeds from a public offering of its subsidiary, Sony Magnescale Inc.

Combustion Engineering Sets \$200-Million Charge for Sale

By United Press International

PARIS — State-owned Combustion Engineering, a diversified worldwide engineering concern, said Thursday that it will take a \$200-million writeoff against third-quarter earnings in order to sell a major portion of the company's oil and gas service assets.

Charles E. Hugel, president and chief executive officer, said the companies up for sale include Vetcu Offshore, Gray Tool and Natoe operations. The sale, he said, was part of C-E's strategy to focus on the power and process industries.

Directors also voted to reduce the quarterly dividend to 25 cents a share from 46 cents, payable Oct. 31 to shareholders of record Oct. 17. C-E stock closed up 25 cents to \$25 on the New York Stock Exchange Thursday.

"We are changing the character of our investment have as we continue to become a more services-oriented, value-added supplier," Mr. Hugel said. "Today's actions will help us to improve our return rates and give us greater flexibility in use of capital."

Mr. Hugel said the oil and gas businesses up for sale "have experienced people, excellent technology, modern facilities and a high reputation with customers throughout the world."

He said the company intends to maintain those strengths as it holds discussions with buyers.

"We've been downsizing plants, streamlining our management and reducing employment at all levels to improve our cost effectiveness," Mr. Hugel said.

The latest measures and earlier initiatives are designed to make C-E "a leading single source supplier to the process and power industries," he said.

There is an annual worldwide market for capital investment and maintenance expenditures of over \$135 billion in the process and power industries, he said.

C-E, which is involved in engineering and design of a broad range of industrial equipment and generating systems, had revenues of \$3.10 billion in 1984.

In the second quarter ended June 30 C-E's earnings dropped to \$94 million, or 29 cents a share, from \$14.4 million, or 44 cents a share, in the same quarter last year.

Revenues rose to \$788.4 million from \$745.0 million in the quarter a year earlier.

COMPANY NOTES

Bank of Credit & Commerce International of Hong Kong has been given permission to open a branch in China's Shenzhen special economic zone. Last month, Hong Kong & Shanghai Banking Corp. got permission to open the first new foreign bank branch in China since 1949.

Nippon Steel Corp. has won an order of 5 billion yen (\$520 million) from China National Machinery Import & Export Corp. and China Petroleum Engineering & Construction Corp. to build a crude oil terminal at the mouth of the Yellow River.

Rowntree Mackintosh PLC has reported pretax profit of £20.5 million (\$27.5 million) for the half year ended June 15, an 8.7-percent decline from £22.3 million a year earlier.

Revenue rose to £519.4 million, an 8.3-percent increase from £479.2 million.

Signal Cos.'s shareholders have approved a merger into Allied Corp. to form Allied-Signal Inc. Allied's holders approved the merger Wednesday. Each Signal share will be exchanged for one Allied share in the merger, which will create a company with sales of more than \$14 billion annually.

Unilever NV has been granted a temporary restraining order against Richardson-Vicks Inc.'s planned issuance of a preferred stock, a protective move against Unilever's proposed buyout.

place a cap of \$4.45 billion on costs of the Nine Mile Point 2 nuclear plant that can be included in rate bases of its owners. \$900 million less than the projected plant cost.

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New York Industrial Index Fund N.V. Curacao, Netherlands Antilles

At the Annual General Meeting of Shareholders held on 19th September, 1985 a cash dividend of US\$ 32.85 per Ordinary Share was declared payable as from 26th September, 1985 against delivery of dividend coupon No. 9 with Pierson, Heldring & Pierson N.V., Herengracht 214, Amsterdam.

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GENEVA

Notice is hereby given to shareholders of an
Ordinary Shareholders' Meeting
to be held on Tuesday October 1, 1985 at 11.30 A.M.
at the Head Office of
BANQUE PARIBAS (SUISSE) S.A.
2 Place de Hollande, Geneva (Switzerland)

AGENDA :

- Report of the Board of Directors, presentation of the Financial Statements for the fiscal year ended June 30, 1985, and the Auditor's Report.
- Discussion, approval of said Reports, and proposals to allocate the net profit.
- Release and discharge of the Board of Directors.
- Resignations from and appointments to the Board of Directors.
- Appointment of the Auditor.
- Increases of capital.
 - Resolution to increase the capital from SF 787,500,000 to SF 792,000,000 by issue at par of 45,000 new registered shares of SF 100 each and resolution of the registered shareholders to renounce to exercise their subscription rights.
 - Confirmation of the subscription for the shares and payment in full to the Company of the proceeds of the capital increase.
 - Resolution to increase the capital from SF 792,000,000 to SF 891,000,000 by issue at par of 90,000 new registered shares of SF 100 each and by issue at par of 90,000 new bearer shares of SF 1,000 each, reserved to the present shareholders, in the proportion of one new share for each eight shares held.
 - Confirmation of the subscription for the shares and payment in full to the Company of the proceeds of the capital increase.
- Amendment of articles 5, 23, 33 and 34 of the statutes.

Shareholders may obtain entry cards to the Shareholders' Meeting at the BANQUE PARIBAS (SUISSE) S.A., UNION DE BANQUES SUISSES, SOCIETE DE BANQUE SUISSE and CREDIT SUISSE, from September 20 until 12 noon on September 30, 1985, depositing their shares or a receipt for such deposit with another bank.

The Annual Report, including the income statement, the balance sheet, the Auditor's Report, the proposals by the Board of Directors regarding the allocation of the fiscal year's net profit as well as the proposed amendments, to the statutes, are available to the shareholders from September 20, 1985, at the Head Office and the subsidiaries of the aforementioned banks.

Geneva, September 18, 1985

For the Board of Directors

A. de Pfyffer S. Tapernoux
Chairman Secretary

OIL & MONEY IN THE EIGHTIES.

AN INTERNATIONAL HERALD TRIBUNE
OIL DAILY CONFERENCE
LONDON, OCTOBER 24-25, 1985.

"Surviving in a competitive environment", will be the theme of the sixth International Herald Tribune/Oil Daily Conference on "Oil and Money in the Eighties". The program, designed for senior executives in energy and related fields, will address the key issues affecting the current energy situation and assess future trends and strategies. H.E. Professor Dr. Subroto, Minister of Mines and Energy, Indonesia and President of the OPEC conference, and John S. Herrington, U.S. Energy Secretary, will head a distinguished group of speakers from Europe, the Middle East, Latin America and the United States.

OCTOBER 24

KEYNOTE ADDRESS:

— Professor Dr. Subroto, Minister of Mines and Energy, Indonesia.

COMPETITION FOR MARKET SHARE:

— Moderator: Herman T. Franssen, Former Chief Economist, International Energy Agency, Paris.

— H.F. Keplinger, Chairman and Chief Executive Officer, The Keplinger Companies, Houston.

— Alvaro Pardo, Managing Director, Petroleos de Venezuela (UK) S.A., London.

— Douglas Wade, Senior Energy Analyst, Shell International Petroleum Company Ltd, London.

THE IMPLICATIONS OF OPEC PRODUCT IMPORTS AND DOWNSTREAM STRATEGIES ON THE OIL MARKETS.

— Nader H. Sultan, President, Kuwait Petroleum International Ltd, London.

HOW TWO MAJOR OIL COMPANIES ARE SURVIVING IN A COMPETITIVE ENVIRONMENT.

— Allen E. Murray, President, Mobil Corporation, New York.

— Arne Johnsen, President, Statoil, Stavanger.

PRODUCERS AND REFINERS STRATEGIES IN AN ERA OF GROWING COMPETITION.

— John R. Hall, Chairman and Chief Executive Officer, Ashland Oil Incorporated, Ashland, Kentucky.

— Bjo Malmivaara, General Manager, Nestle Oy, Helsinki.

— Nicola Mongelli, Assistant to the Executive Vice President, Eni Nazionale Idrocarburi, Rome.

— Soud A. Oudlakh, Manager, Supply Coordination, Petronas Participation, Dhahran.

OCTOBER 25

NEW OUTLOOKS FOR UNITED STATES' ENERGY POLICY.

— The Honorable John S. Herrington, United States Energy Secretary.

NORTH SEA OIL-SEED-CORN OF TOMORROW'S PROSPERITY.

— John Moore, M.P., Financial Secretary to the Treasury, United Kingdom.

THE EFFECT OF FLUCTUATING OIL PRICES ON THE BANKING SYSTEMS, SHARE VALUES, INSTITUTIONAL INVESTORS AND WORLD BANK LOANS.

— Robert B. Weaver, Senior Vice President and Global Petroleum Executive, The Chase Manhattan Bank, N.A., N.Y.

— Peter Gignoux, Senior Vice President, Shearson Lehman Brothers Ltd, London.

— Robert L. Franklin, Founder and President, Lawrence Energy Associates Incorporated, Boston.

— Ian M. Hume, Assistant Director, Energy Department, The World Bank, Washington, D.C.

MEGAMERGER TRENDS AND THE FUTURE OF THE OIL INDUSTRY.

— Robert F. Greenhill, Managing Director, Morgan Stanley & Co. Incorporated, New York.

NON-CONVENTIONAL OIL SALES.

— Nicholas G. Vatle, Oil Consultant, London, The Hague.

— Charles L. Daly, Managing Director, LM. Fischel & Co. Ltd, London.

— Dieter Kempfmann, Managing Director, Union Rheinische Braunkohle Kraftstoff A.G.

— Rosemary McFadden, President, N.Y. Mercantile Exchange.

CLOSING PANEL DISCUSSION OF CURRENT ENERGY ISSUES.

— Paul H. Frankel, President, Petroleum Economics Ltd.

CONFERENCE LOCATION:

Royal Garden Hotel, Kensington High Street, LONDON W8 4PT. Telephone: (441) 937 8000. Telex: 23151. A block of rooms has been reserved for conference participants. Please contact hotel directly.

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Category fees are £220 per person.

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CURRENCY MARKETS

Dollar Declines in N.Y. on Income Report

Continued from Page 11
NEW YORK — The dollar closed lower in New York Thursday, reflecting disappointment over a "moderate" rise in personal income.

"Dealers were taking long dollar positions in Europe, expecting a higher increase in personal income," said Carmine Rotondo, chief trader at Manufacturers Hanover Trust.

The dollar remained at firm levels, however, ahead of the "flash" estimate of gross national product to be released Friday. Most expect the GNP report to show 3.5 percent or higher economic growth.

"The dollar will go higher if GNP comes in as projected, but once that is over, economic reports may start to look so-so again and we could see some selling of dollar positions," Mr. Rotondo said.

In New York, the pound closed

at \$1.345, up from Wednesday's close of \$1.3320. Other closing dollar rates were: 2.894 Deutsche marks, down from 2.911; 8.8303 French francs, down from 8.8725, and 2.3800 Swiss francs, down from 2.3925.

Earlier in London, the dollar fell to close at the day's low in late trading after trading slightly higher for most of the day.

Dealers said there was no significance to the movement, which they attributed to interbank position adjusting before Friday's release of the U.S. GNP estimate. They said the U.S. currency fluctuated around 2.3 Deutsche marks toward the close before finishing at 2.3781 DM. It had opened at 2.92 DM in London and closed Wednesday at 2.9034.

Dealers said there was little corporate activity and trading was generally quiet.

2 European Banks Cater Exclusively to Women

Continued from Page 11

They said that U.S. data released Thursday showing that personal income had risen 0.3 percent in August and personal spending had soared 1.2 percent were in line with market expectations and had had little impact.

In London, the dollar fell to close at 2.3623 Swiss francs from the opening 2.4015 and Wednesday's close of 2.3911.

On other exchanges late Thursday, the dollar was sold in Frankfurt at 2.9122 DM, up from 2.9095 Wednesday; at 8.8844 French francs in Paris, up slightly from 8.8544; and at 1.9549 lire in Milan, up from 1.951.

It closed at 2.3898 Swiss francs in Zurich, also up slightly, from 2.3781.

In Tokyo, the dollar closed at 242.55 yen, up from Wednesday's 241.80.

(UPI, Reuters)

BUSINESS PEOPLE

GE Sets Up London Medical-Systems Unit

By Brenda Erdmann
International Herald Tribune

LONDON — General Electric Co. of the United States will establish a London-based unit to serve its customers for medical diagnostic imaging equipment in Europe.

The new organization, to be called General Electric Medical Systems-Europe, will begin operations on Nov. 1 under the leadership of Vincenzo Morelli, who will hold the title of president and chief operating officer. He formerly was a staff executive and manager of corporate business development and strategy at General Electric's head office in Fairfield, Connecticut.

The board will be chaired by Paolo Fresco, vice president and general manager of GE's European and Africa operations in London and president of GE-Europe.

GE said new the venture would better able to focus on clients in Europe, Africa and the Middle East and on their needs. Its medical

systems group makes diagnostic imaging technology, including tomography scanners, X-ray systems, ultrasound instruments and nuclear medicine products.

Copenhagen Handelsbank A/S has appointed Soren Moeller Nielsen a managing director. With this appointment, Mr. Moeller Nielsen has become one of five members of the bank's board of general management, which controls all business-related functions of the bank. He previously was in the bank's domestic division as head of business development and special credits. In addition, the bank has named Hosam (Sam) Baroudy head of its treasury division.

He joined Copenhagen Handelsbank in 1984 as foreign-exchange manager. The bank also has appointed Lisbeth Melkiorsen as head of foreign-exchange spot dealing. She was assistant manager in the international division.

Bank of America said Ronald V. Emerson has been appointed manager of its London corporate office.

where he will be responsible for all London-based lending groups, the operations marketing section and the international treasury unit. He was the bank's operations manager for Britain, Ireland and the Nordic region, a post in which he was succeeded by John Potter.

Prime Computer Inc., the U.S. maker of minicomputers, has named Joseph Thompson to the new post of director of Far East procurement operations. He will continue to be based in Hong Kong. As previously reported, George Kendall has become managing director of Prime's Hong Kong subsidiary, succeeding Mr. Thompson.

TRW Inc., the Cleveland-based automotive, electronics, aerospace and industrial products concern, has appointed Jack L. Osborn vice president of its Asia-Pacific office in Tokyo. He has been acting manager of that office for the past year. Separately, Ed Barry has been named managing director of TRW Cam Gears, U.K.

THE EUROMARKETS

Trading Again Focuses on Primary Market

By Christopher Pizzey
Reuters

LONDON — Activity in the Eurobond market Thursday was again centered on the primary sector, dealers said. Operators in the secondary market remained on the sidelines before Friday's "flash" estimate of U.S. third-quarter growth in the gross national product.

Abbey National became the third British building society to launch a sterling floating-rate note. The initial tranche is for £150 million and a further £100 million will remain on tap. The 15-year note was lead managed by Samuel蒙古 & Co. and has an investor option after seven years.

The issue was structured like the two previous floaters for building societies, in that the first coupon will be 1/16 point over the six-month London interbank offered rate, while subsequent payments will be at 1/16 point over the three-month Libor.

That is to allow for formal enactment next year of legislation allowing societies to pay interest gross. Building societies are the major providers of house purchase financing in Britain.

The note was bid on the when-issued market at a discount of 35 basis points against the total fees of 40 basis points.

Great American First Savings Credit issued a \$100-million, 11-percent bond that matures early in 1996 and was priced at par. The lead manager was Goldman Sachs International Corp.

The issue was quoted on the when-issued market at a discount of 1/4 percent, just within the total fees of 2 percent.

Also launched was a \$50-million straight for the British Columbia Municipal Finance Authority. The issue has a 20-year maturity, but terms will be reset in 15 years, when the investors put a put option.

On the secondary market, prices of the secondary market prices tended to close little changed.

Australia to Raise Corporation Tax

Reuters

CANBERRA — Australia's

corporation tax will be raised to 49 percent from 46 percent as part of a package of tax reform measures announced Thursday by Treasurer Paul Keating.

The increase, effective from June 1987, will be accompanied by the end of double taxation of dividends paid to shareholders, Mr. Keating told Parliament. A capital-gains tax at company tax on personal pensioners' marginal rates will be introduced, he said.

Mr. Keating said that in 1987-88, the net cost of the tax cuts would be about 4.5 billion dollars (\$3 billion), of which the growing yield from the reforms would account for about 1.5 billion dollars.

soft-pedaled their emphasis on women, seeking as broad a customer base as possible.

The two European banks, as branches of established, well-financed institutions, believe that the key to their appeal lies in their ability to provide a wider range of services than the American banks have been able to offer, including investment advice, foreign exchange expertise and legal advice.

Nevertheless, Banque Hypothecaire's decision to convert a branch into a women's bank was inspired by the American experience. Last year, Henri Delaraye, the bank's chairman, was walking down Park Avenue in Manhattan when he saw the First Women's Bank at the corner of 57th Street. He convinced his fellow directors that they should open a women's branch as a marketing tool and they did so, putting Miss Huguenin, who is in her 40s, in charge.

Happening also prompted the Royal Bank of Scotland to open its women's branch. That was back in 1946. A Royal Bank director returned from visiting a daughter in New Zealand and reported finding a bank devoted exclusively to women.

And how does the women's

movement in Europe view the all-women banks in Geneva and Edinburgh?

"I know some feminists hate the whole notion," Elaine Dumont of the Swiss feminist magazine "Femme," said.

U.S. Agency Approves Lower Options Margins

Reuters

WASHINGTON — The U.S. Securities and Exchange Commission on Thursday approved lower margin levels for short positions on options for short positions in options on individual stocks, stock indexes and foreign currencies.

The new requirements, which become effective Jan. 31, generally will let investors carry larger short options positions without additional cash. New formulas for margin calculations will be based on the premium of the option product.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Australia

Myer Emporium

Year 1985 1984

Revenue \$3,470 \$2,814

Profits \$178 \$163

Per Share \$0.48 \$0.43

United States

Amer. Greetings

Year 1985 1984

Revenue \$214 \$204

Net \$23 \$23

Per Share \$0.28 \$0.28

Britain

Rowntree Mackintosh

Year 1985 1984

Revenue \$17,482 \$17,392

Net \$2,555 \$2,530

Per Share \$0.74 \$0.70

McCormick

Conagra

Year 1985 1984

Revenue \$19,700 \$19,470

Net \$2,511 \$2,451

Australia

British Telecom

Year 1985 1984

Revenue \$17,482 \$17,392

Net \$2,555 \$2,530

U.S.

Pirelli

Year 1985 1984

Revenue \$26,373 \$26,255

Net \$3,599 \$3,420

Wilson Foods

Federal Express

Year 1985 1984

Revenue \$30,000 \$29,700

Net Loss \$2,400 \$2,300

Japan

Sony

Year 1985 1984

Revenue \$3,480,000 \$3,270,000

Per Share \$0.62 \$0.57

U.S.

Fluor

Year 1985 1984

Revenue \$1,400,000 \$1,300,000

Net \$25,000 \$25,000

U.S.

Calma

Year 1985 1984

Revenue \$1,000,000 \$900,000

Net \$25,000 \$25,000

U.S.

Fluor

Year 1985 1984

Revenue \$1,000,000 \$900,000

Net \$25,000 \$25,000

U.S.

Calma

Year 1985 1984

Revenue \$1,000,000 \$900,000

Net \$25,000 \$25,000

U.S.

Calma

Year 1985 1984

Revenue \$1,000,000 \$900,000

Net \$25,000 \$25,000

U.S.

Calma

Year 1985 1984

Revenue \$1,000,000 \$900,000

Net \$25,000 \$25,000

U.S.

Calma

Year 1985 1984

Revenue \$1,000,000 \$900,000

Net \$25,000 \$25,000

U.S.

Calma

Year 1985 1984

Revenue \$1,000,000 \$900,000

